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OFFICE OF REPORTS AND INTELLIGENCE

TRANSPORTATION DIVISION

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Weekly Intelligence Summary No. 93

SECTION I. SUMMARY OF TRENDS AND DEVELOPMENTS

The Nationalist threat to mine the port of Shanghai in order to keep out foreign shipping may be more effective than the past efforts to halt ships by threats and gunfire, provided the Chinese Navy is capable of translating the threat into action. Mining of the harbor or its approaches, however, is not without potential danger to the Nationalists themselves. (Item No. 1, A)

The year-end assessment of the Polish shipbuilding program justifies no premature conclusion that the six-year program can be realized. Despite Polish propaganda claims that the program is running 24 percent ahead of schedule, serious difficulties involving technical labor competence, designing, and the acquisition of equipment and materials must still be solved. (Item No. 2, B)

A serious shortage of freight cars in Yugoslavia has caused the Minister of Railways to issue an order, under the terms of which individuals responsible for delays in loading or unloading cars are to suffer disciplinary action for a six-hour delay, with fines and jail sentences on an increasing scale for more serious carelessness, ranging up to two-and-one-half years for 48 hours' delay. (Item No. 3, B)

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The resolution of transportation problems in Central Africa is receiving renewed attention as the result of persistent ECA efforts to initiate a comprehensive survey of African surface transportation with the cooperation of all ECP countries having African dependencies. (Item No. 5, A)

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SECTION II. CURRENT DEVELOPMENTS

SURFACE TRANSPORTATION

1. The Nationalist threat to mine the port of Shanghai in order to keep out foreign shipping may be more effective than the past efforts to halt ships by threats and gunfire, provided the Chinese Navy is capable of translating the threat into action. Mining of the harbor or its approaches, however, is not without potential danger to the Nationalists themselves. Nationalist patrol ships may be sunk by the mines. Vessels which they might allow to enter or depart under safe conduct, furthermore, could be damaged or sunk, despite the most alert mine watches aboard ship. Finally, the mines, even if initially anchored, may break loose and drift into areas beyond Chinese territorial waters, causing damage for which China might be liable. (Thousands of tons of shipping have been lost since the end of World War II from drifting mines.) (Confidential)

2. The year-end assessment of the Polish shipbuilding program (see D/Tr Weekly No. 43) justifies no premature conclusion that the six-year program can be realized. Despite Polish propaganda claims that the program is running 24 percent ahead of schedule, serious difficulties involving technical labor competence, designing, and the acquisition of equipment and materials must still be solved.

The ambitious six-year program initiated in 1948 called for an aggregate construction of 269,300 deadweight tonnage, but the program provided for only 18,450 tons to be launched and 10,000 tons to be completed during the first year now ending. Launchings in 1949 may have somewhat exceeded the program, but serious delays are apparently being encountered in fitting out the vessels. Even if true, the alleged results represent a very modest output for an industry which comprises several shipyards, of which one alone, the Gdansk shipyard, is now reported to employ 10,000 workers.

Whatever the real 1949 accomplishment may have been, it appears that the Polish shipyards have not yet made any noteworthy progress in producing the medium size cargo ships and passenger vessels included in the program. Small coal and ore carriers, which make up the major portion of the program, have thus far received priority in construction. Six of these small carriers were launched in 1949 and at least one completed. On the other hand, only two medium sized general cargo vessels have been started.

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Despite training programs initiated in the shipyards to qualify unskilled workmen for the specialized labor and technical work connected with shipbuilding, Germans still form a large part of the skilled labor force. Furthermore, the productivity of Polish shipyard workers seems to be low. Present production is still a relatively small amount of shipping to be turned out by an industry which probably employs at least 15,000 workmen. Actually, one of the most creditable accomplishments of the industry has been the work done on salvaged vessels. Work in this category has accounted for a sizeable portion of the present small Polish merchant marine, and may furnish the major part of fleet additions for some years to come. (Secret)

3. A serious shortage of freight cars in Yugoslavia has caused the Minister of Railways to issue an order instituting "continuous working hours" at all railroad stations and loading points. Individuals responsible for delays in loading or unloading cars are to suffer disciplinary action for a six-hour delay, with fines and jail sentences on an increasing scale for more serious carelessness, ranging up to two-and-one-half years for 48 hours' delay. The increasing shortage of freight cars in Yugoslavia since the war has resulted from: (a) increasing traffic (according to the Yugoslav newspaper "Borba", 1948 tonnage was 175 percent of that in 1939, with 1949 tonnage estimated at 252 percent); (b) continued deterioration of cars; (c) inability to reduce the backlog of rolling stock immobilized for repairs; and (d) the small volume of new equipment received from domestic manufacture or purchases abroad. (Restricted)

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5. The resolution of transportation problems in Central Africa is receiving renewed attention as the result of persistent ECA efforts to initiate a comprehensive survey of African surface transportation with the cooperation of all ECA countries having African dependencies.

A survey of African transportation, if carried out on a comprehensive scale, will be valuable in:

- (a) bringing together all the economic data and previous surveys relating to the problem;
- (b) assisting ECA in determining which proposed transportation projects are most worthy of ECA support;
- (c) providing military intelligence; and
- (d) collecting material useful to the Central African Transportation Conference, which is scheduled in October 1958 to resume its consideration of transportation problems in this large section of the continent.

All of the interested countries are desirous of improving transportation in their African areas, but have shown some tendency to be suspicious of projects which might benefit neighboring areas rather than their own (see D/Tr Weekly No. 64). The Conference on Central African Transportation Problems, which initiated its deliberations in May of this year at Lisbon, marked the initial step of international cooperation in this respect by the powers directly interested. Although this conference was attended by a US observer, its discussions were pointed toward action by the countries themselves without primary reference to the possibility of US aid.

The active interest in African transportation which ECA is now manifesting may have the effect of encouraging the interested countries to defer commitments involving large expenditures until they can ascertain just how much ECA support will be forthcoming. On the other hand, while

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